Electronic medium of banking

*409. SHRI TARIQ ANWAR: Will the Minister of FINANCE be pleased to state:

whether it is a fact that Government has decided to encourage use of electronic medium for banking;

if so, the details of the facilities provided by the banks;

whether all the facilities available in the urban areas are provided in the rural areas too;

if not, the reasons therefor; and

what are the steps Government is taking to provide those facilities in rural areas also?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) Reserve Bank of India has been encouraging the use of electronic banking. It has taken a number of steps in this drection, which include:—

1. **Real Time Gross Settlement (RTGS):**

   RTGS is a fully secured electronic funds transfer system where banks and customers can receive payments on real basis. Out of 71, 781 bank branches as on 31.03.2007, around 44,000 bank branches now accept requests for remittance through RTGS system for customer transactions as well as inter-bank transactions. The RTGS system is tor transaction of value over Rs. 1 lac and other transactions take and alternate channel of electronic funds transfer.

2. **National Electronic Funds Transfer (NEFT):**

   This is a nation-wide retail electronic payment system to facilitate funds transfer between the networked bank branches in the country. It is a deferred net settlement system with six settlement cycles on week days and three settlements on Saturdays. This facility is currently available at around 44,000 bank branches throughout the country.

3. **Electronic Clearing Services (ECS):**

   Two variants were developed—one named ECS (Credit Clearing) and the other called ECS (Debit Clearing). While ECS (Credit Clearing) is used for making payment of salary, pension, dividend and interest, ECS (Debit) is used for collection payments by utility service providers like electricity, telephone bills as well by banks for receiving principal/interest repayments for housing and personal loans from borrowers. This facility is currently available at 68 centers.

4. **Automatic Teller Machines (ATMs):**

   Through networking of ATMs the ATM/Debit Cardholders can obtain cash round the clock. Networking of ATMs across the country enable the bank to provide anywhere and anytime banking services to the customers.

(c) to (e) The normal facilities of electronic banking are extended at rural and urban centres which are in the network and under Core Banking Solution (CBS). All banks have indicated their plans to complete full migration to CBS in phases in the next one to four years.